



# annual report 2010-11

providing road passenger transport services in Tasmania

**Metro**

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## Nature of Business

Provision of road passenger transport services.

## Issued Capital

Two shares of \$1.00 each.

## Registered Office

212 – 220 Main Road

Moonah, TAS 7009

## ABN Number

30 081 467 281

## Directors

Ron Ward, Chairperson

Lynn Mason, Deputy Chairperson

Geoffrey Hazell

Tracy Matthews

Ian Newman

Mike Wisby

## Shareholders

Minister for Sustainable Transport

Treasurer

## Executive Managers

Heather Haselgrove, Chief Executive Officer

Anita Robertson, Chief Financial Officer and Company Secretary

Alan Pedley, General Manager Operations

Ian Ward, General Manager Infrastructure and Engineering

Anthony James, General Manager Business Development and Planning

Craig Anderson, Manager Human Resources

Rodney Byfield, Chief Information Officer

## Bankers

Commonwealth Bank of Australia

81 Elizabeth Street

Hobart, TAS 7000

## Auditor

Auditor-General

Tasmanian Audit Office

Level 4/15 Murray Street

Hobart, TAS 7000



# COMPANY OVERVIEW

Metro Tasmania Pty Ltd (Metro) is a state-owned company established in February 1998.

It is Tasmania's largest passenger transport service provider, operating a fleet of 224 buses in and around Hobart, Launceston and Burnie.

Metro services are delivered under service contracts with the State Government's Transport Commission that sits within the Department of Infrastructure, Energy and Resources.

Operating under Corporations Law, an independent Board of six Directors provides the organisation with strategic direction and governance.

Metro's shareholder ministers, representing the people of Tasmania, are Minister for Sustainable Transport Hon Nick McKim and Treasurer Hon Lara Giddings.

Metro's corporate plan, developed in consultation with the company's employees, has set the vision, business, purpose, goals and values to take the company forward.

## Our Vision

To transform Tasmania's passenger transport to be a travel option of choice.

## Our Business Purpose

To deliver urban mass transit passenger transport services.

## Our Goals

- Goal #1** Lead the repositioning of passenger transport within Tasmania with key stakeholders.
- Goal #2** Put the customer at the centre of our business.
- Goal #3** Develop a skilled, engaged and healthy workforce.
- Goal #4** Grow the market by partnering with industry.
- Goal #5** Build a sustainable and progressive business.

## Our Values

### *Safety conscious*

Safety is everybody's responsibility. It is at the forefront of all of Metro's actions.

### *Respectful*

Respect for the customer, staff and stakeholders, investing in individual and community growth and development.

### *Collaborative*

Working in an approachable, communicative, responsive, transparent and consultative manner in everything we do.

### *Courageous*

The courage to act to achieve Metro's vision and business purpose, even in the face of challenge or adversity.





# CHAIRPERSON'S REVIEW

Metro Tasmania's vision is to transform passenger transport to be a travel option of choice.

I am pleased to report that during 2010-11 Metro continued to build on the work of previous years towards achieving this vision against its key benchmarks.

In our three-year corporate plan the Board set goals which deal with the way the corporation relates to its shareholders, stakeholders, customers and our own workforce, and what it wants to achieve.

Our goals are to put our customers at the centre of our business, to increase the number of people using passenger transport and to deliver value for money to both our bus passengers and the State Government which, through the Department of Infrastructure, Energy and Resources (DIER), contracts Metro to provide a level of service.

Metro is a state-owned company, but unlike other government business enterprises, it is not set up to make a profit nor pay a dividend to its Government shareholders.

During the reporting year DIER, through the Transport Commission,

provided \$33.90 million under service contracts to provide bus services in Hobart, Launceston and Burnie. Our other major source of income is from passengers through ticketing fares which in the 2010-11 year amounted to \$10.88 million - or about 25% of our income.

Metro's major expenses include employee wages and salaries, fuel and maintenance of buses.

For the 2010-11 year Metro had an operating loss of \$73,000. During the financial year, the company spent \$5.97 million on new capital equipment - primarily the purchase of eight new buses, including four 12.5 metre buses and four new low floor articulated buses - the first articulated buses to be put into service in Tasmania in over 20 years. The latter was funded by an additional \$3.25 million provided by DIER in 2010 to improve Metro's passenger bus fleet and to assist with Metro's long-term capital replacement program.

The management of Metro with the board's encouragement is driving efficiencies within the

business. For example, we are currently investigating the depot configuration in Hobart. At present we have the large depot at Springfield and a number of satellite yards where buses are parked overnight. We are questioning whether this is the right configuration or whether we should have smaller depots at the ends of major routes to cut down the dead running between routes.

Under our corporate plan one of our key goals is to improve social inclusion. Currently Metro has 78 low floor buses in its fleet of 224 buses. As we progressively replace and upgrade the fleet, all new buses will be capable of being lowered and have ramps to improve access for people with disabilities.

Another of Metro's primary aims is to increase passenger numbers and we have a number of strategies in place to progressively achieve that aspiration. In the 2010-11 year passenger boardings totalled 10.55 million, an increase of almost 500,000 on the previous year.



While Metro is a state-owned company, we are very aware of the community in which we operate and understand that some of our customers are presently finding it difficult to make ends meet. To this end the Metro Board decided to only increase adult fares by the Consumer Price Index and to delay their introduction to January 2011. Additionally, the majority of Tasmanian students and concession card holders were shielded from bus fare increases.

The Metro Board is constantly looking for ways to improve stakeholder relations and how it interacts with its stakeholders. In that context an initiative in the past year has been to implement a program of meetings with local councils to inform them of Metro's plans and to invite feedback on issues affecting them.

We are currently reviewing our Customer Service Charter to improve in areas such as reliability, accessibility, capacity, the provision of timetable and ticketing

information and the way we respond to customer feedback.

Recently a report was commissioned to establish the corporation's carbon footprint and to identify ways Metro can become more environmentally sensitive and reduce its footprint.

There were no changes to the Metro Board and one new appointment to the executive management team during the reporting year.

I would like to thank my fellow Directors, the CEO and her management team and all our employees for their hard work that has set the corporation on a journey of improvement and on realising our corporate goals, particularly in terms of customer service and increased passenger numbers.

Ron Ward  
Chairperson

**As we progressively replace and upgrade the fleet, all new buses will be capable of being lowered and have ramps to improve access for people with disabilities.**





# CHIEF EXECUTIVE OFFICER'S REVIEW

The past financial year has been a busy and successful one for Metro Tasmania.

During 2010-11 we have witnessed continued growth in passenger numbers, the purchase and commissioning of eight new buses, high levels of customer satisfaction, the implementation of new service initiatives and improved communication with all our stakeholders.

## Patronage

In his report our Chairperson Ron Ward has already mentioned the increase in passenger numbers across the state, with the strongest growth in Launceston. Overall passenger numbers increased from 10.03 million in 2009-10 to 10.55 million in 2010-11.

After adjustments for the number of weekdays, passenger boardings in Hobart increased from 7.79 million to 8.13 million, Launceston from 1.79 million to 1.94 million and Burnie from 464,433 to 467,846 during the period.

This is the third year running that passenger numbers have increased and this is attributed partly to

the introduction of the Metro Greencard. Since its introduction in 2009, more than 74,000 people have been issued with Greencards. Over 54% of all boardings are now made with a Greencard.

A number of other initiatives during the year were aimed at promoting greater use of Metro bus services. One of these was a highly successful 'fare free' weekend on the long weekend commencing February 12 to coincide with major events including Festival in Launceston, the Hobart Regatta, Hobart Cup, the Wooden Boat Festival and a Sheffield Shield cricket match at Bellerive Oval.

The offer gave people an opportunity to experience bus travel, with the aim of encouraging more people to use buses as their travel mode of choice. Over the course of this weekend Metro carried 45,683 passengers. The number of passengers carried on the equivalent long weekend in 2010 doubled. Metro is also partnering local government and major event organisers like the

Tasmanian Cricket Association with the 'Boundary Rider' service to international cricket, and the opening of MONA, to encourage people to park away from venues and ride buses to and from events to avoid traffic congestion.

To increase patronage and improve the convenience of bus travel, Metro is overhauling all of its timetables statewide to ensure they are more accurate and more easily understood. We're also improving the information available at bus stops and on our website, including the use of Twitter alerts to allow people to get real time information about issues affecting services. Metro will soon introduce a journey planner on the website to make it easier for people to plan their trip.

## Facilities

In addition to upgrading our bus fleet with modern, more eco-friendly and accessible buses, Metro is undertaking a program to progressively upgrade bus shelters and seating - especially at stops

**The 'fare free' weekend on the long weekend commencing 12 February to coincide with major events including Festivale in Launceston, the Hobart Regatta, Hobart Cup, the Wooden Boat Festival and a Sheffield Shield cricket match at Bellerive Oval.**

where research indicates a greater need. During 2010-11 Metro began a trial at several stops throughout Greater Hobart to install seats made from recycled plastic.

Another initiative aimed at reducing traffic congestion, meeting a community transport need and improving our service, is a trial of bike racks on some buses on some routes. Drivers are currently being trained and the trial will start later in 2011.

Metro has secured new premises in the Elizabeth Street bus mall to relocate and centralise customer services and ticketing. When completed, the new premises will provide a more convenient and accessible shop for our Hobart customers.

Metro continues to work with Kingborough Council and the State Government on the development of a 'Park and Ride' facility at Kingston.

From 1 July 2011, all Metro facilities have been smoke free.

## Customer Charter

Metro's Customer Service Charter states that we aim to provide bus services that are safe, reliable, accessible and run on time and which are provided by helpful and friendly staff.

During the year we began a review of the charter to bring it up to date. What it says is that we aim to operate at least 99% of scheduled journeys and make at least 85% of scheduled journeys arrive no later than five minutes after the published time.

## Accessibility

Metro is committed to making bus transport a travel option of choice for all Tasmanians. Currently 35% of our fleet is wheelchair accessible with low floors and kneeling capability, which allow the buses to be lowered closer to the pavement level. Metro has a fleet replacement program that will increase the number of wheelchair accessible buses operating in the network. The eight new buses purchased and commissioned during the year are all wheelchair accessible.

## Safety

Safety is everyone's responsibility and is at the forefront of Metro's actions. By that we mean safety for our bus customers, for our bus operators and other staff and for the general public.

During 2010-11 there have been a few unfortunate, high profile events which have rightly raised questions about passenger safety. In each case Metro has moved quickly to investigate and, where appropriate, put in place new procedures or protocols to address these issues.

All Metro buses are fitted with CCTV cameras to monitor both inside and outside buses. Additionally, Metro works closely with Tasmania Police which has officers stationed at the Hobart Depot to handle issues and provide advice.

Metro's 2010 Customer Satisfaction Survey found that 91% of passengers agreed with the statement: *'I always feel safe when on a bus in Hobart/*

*Launceston'* which is very similar to the 2009 survey (90%). The survey also found that a large majority (87%) of passengers felt safe when waiting for a bus and when getting off a bus.

Over the past year Metro has also been successful in reducing workers' compensation costs, which is an indicator of our work with employees to reduce injuries in the workplace.

## Employment Agreements

During 2010-11 Metro negotiated new Employment Agreements with all its employees. The Employment Agreement with Metro's 370 bus operators will see improved efficiency in return for a 3% pay rise for each of the next two years effective from 1 January 2011. Other staff agreements have resulted in 3% pay increases for each of the next three years effective from 1 July 2010 (Admin/Clerical) and from 1 October 2011 (Engineering and Workshop).

The agreements are financially responsible and sustainable and fair to our employees. The agreement with the bus operators also includes measures to reduce fuel costs and improve productivity across the business.

A lot has been achieved this year and our goal is to continue with new programs and initiatives to further improve the service. This would not be possible without the support and hard work of all our employees.



Heather Haselgrove  
Chief Executive Officer



# OUR PERFORMANCE

## Passenger Levels

This year, 10.55 million boardings were recorded on Metro bus services – an increase of 5.1%. Travel in Hobart increased by 4.4%, Launceston increased by a considerable 9.5%, whilst Burnie had an increase of 0.7%.

Student and concession first boardings increased by 4.9% and 2.5% respectively, whilst adult first boardings declined by 3.5%. A 15.2% increase in transfers reflects the change in the way the Greencard ticketing system records second and subsequent boardings for Day Rover and Day Tripper tickets (they are counted as transfers rather than first boardings).

The use of Greencard increased by 9.2%, with over 54% of journeys this year being made using a Greencard. 20,800 Greencards were issued in 2010-11 and at 30 June 2011 Metro had issued 74,100 Greencards since its launch.

Figure 1 – Total Boardings

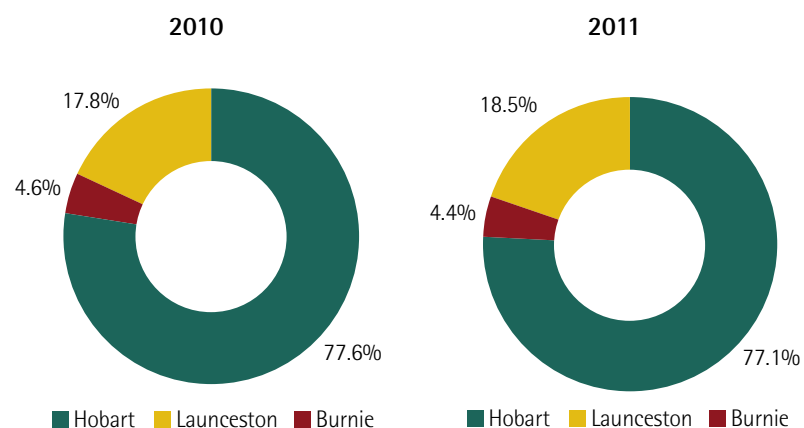
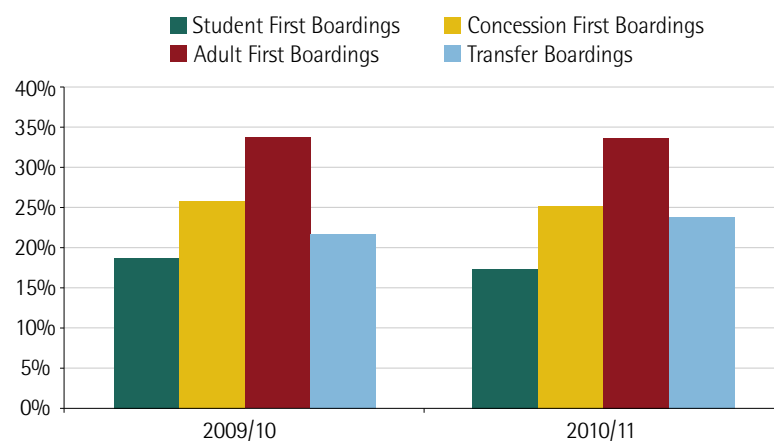


Figure 2 – Boardings by Passenger Type







## Service Initiatives

The following service initiatives were implemented in 2010-11:

### Statewide

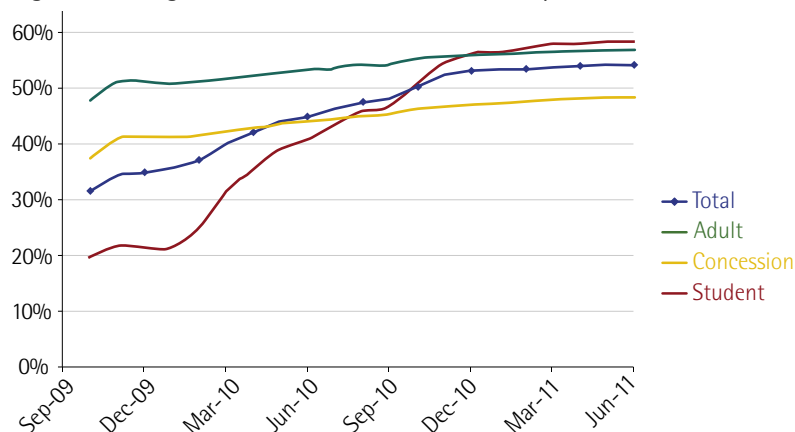
Metro NightRider services were provided to selected suburbs in Hobart on certain days during the Christmas and New Year period. NightRider services were provided in Launceston and Burnie on New Year's Eve. Sponsorship for these services was provided by MAIB.

Metro's 'Have a Weekend on us' fare free weekend aimed to encourage more people to use passenger transport. Free travel was offered on regular services and routes from 12 to 14 February 2011. The weekend coincided with many major events including the Australian Wooden Boat Festival, the Hobart Regatta, Festival and the Hobart Cup. The number of passengers using services throughout the fare free weekend more than doubled compared with the same weekend the previous year.

### Hobart

Ten additional bus services per day were introduced to run between Kingston and Hobart. These services formed the basis of a park and ride facility in Denison Street, Kingston.

Figure 3 – Usage of Greencard since statewide implementation



Metro and Cricket Tasmania, in partnership with the four Hobart metropolitan councils, put in place the special Metro Boundary Rider service to give cricket patrons the opportunity to park their vehicles at four designated car parks and catch a bus to and from Bellerive Oval. The Boundary Rider services operated for the one-day international between Australia and England and for three domestic Twenty20 matches throughout January.

In partnership with MONA, Metro provided services for the MONA opening weekend events in January 2011. Services were provided from Franklin Square to Moorilla and from a park and ride facility at the Derwent Entertainment Centre.

### Launceston

Metro continues to operate the Tiger Bus service which is a 15 minute weekday peak period shuttle from Inveresk to Launceston CBD and an interpeak 30 minute city loop. This service is funded by the Launceston City Council.

### Overcrowding

A number of service changes were implemented in March and April 2011 to address overcrowding on general access and school bus services. This involved identifying and reallocating under utilised resources to provide services on overcrowded routes.



# OUR PERFORMANCE

## Metro Fleet

Metro operates a fleet of 224 buses all of which are fitted with CCTV. A third of the fleet is wheelchair accessible and 21% of buses are air conditioned.

## Website

The Metro website [www.metrotas.com.au](http://www.metrotas.com.au) provides a wide range of information to passengers including:

- Timetables and maps
- Tickets and fares
- Greencard ticketing system
- News and service changes
- Company overview
- How to contact Metro and provide customer feedback

Approximately 600,000 visits were made to the Metro website in 2010-11.

Most visits were to view timetables and services and to manage Greencards.

Metro is finalising a journey planner for passengers, to enable intending passengers to plan their journey from their home, workplace or a web enabled mobile phone.

Figure 4 – Buses in Service (as at 30 June 2011)

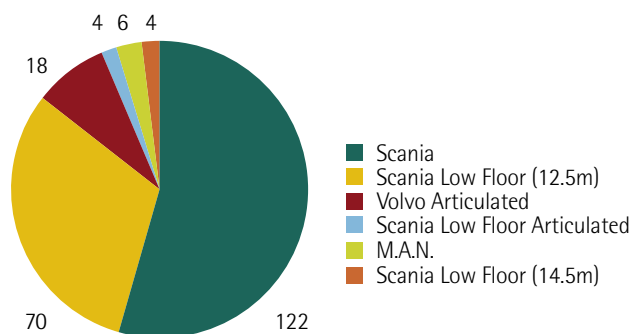
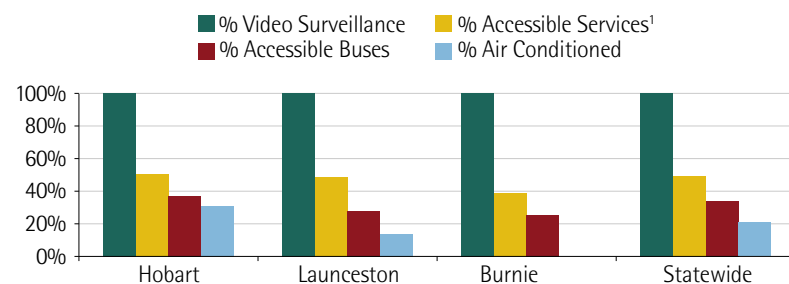


Figure 5 – Buses with Special Features



<sup>1</sup> This is the percentage of services operated with an accessible bus, not the percentage advertised as accessible. The percentage may fall on a given day if an accessible bus is not available.

## Public Interest Disclosures

Metro is required to establish procedures for the disclosure and investigation of improper conduct or detrimental action. These procedures are accessible via Metro's website.

No disclosures were made to or about Metro during the financial year.

## Right to Information

To ensure compliance with the new Right to Information legislation, Metro has modified existing Freedom of Information procedures and upgraded its website to include the assessed disclosure form. During the year Metro received two assessed disclosure requests which were supplied with the required information.





# OUR WORKFORCE

Employee turnover has been stable in the past twelve months compared with the previous year.

## Workforce

Number of employees at  
30 June 2011:

Hobart	345
Launceston	93
Burnie	23

Number of full-time equivalent  
employees at 30 June 2011:

Hobart	313
Launceston	80
Burnie	18

## Recruitment

Metro has been able to fill all vacancies for management and professional positions including some positions in Business Development and Planning that have very small applicant pools. The high response rate to Metro advertisements placed online or in newspapers has provided high quality candidates for most positions. Bus operator recruitment has continued throughout the year

with fifty-two bus operators hired and inducted into the Metro ranks.

## Climate Surveys

A climate survey provided by the 'Voice Project' (Macquarie University, NSW) was undertaken late in 2010. The results of the survey were communicated to the workforce and a management workshop held to plan responses to the identified issues raised in the survey. A number of actions including the introduction of a weekly newsletter have been completed as a result of the employee feedback contained in the survey. Further surveys will be conducted in the future to measure employees' views on management actions.

## Employee Relations

During the year Enterprise Bargaining Agreements were renegotiated with the Australian Manufacturing Workers Union and the Rail, Tram and Bus Union.

The negotiated wage increases were within budgetary limits and will provide for stable working conditions over the next two to three years. Metro also entered into three-year agreements with its administration and clerical staff.

## Employee Development

A modified performance management system has been introduced for all admin/clerical employees to provide feedback on work performance and identify developmental opportunities. During the year staff completed various courses including:

- Time management;
- Supervisory development;
- First aid;
- Harassment and Discrimination;
- Report writing;
- Tender evaluation; and
- Specialist software applications.





# OUR WORKFORCE

Bus operators employed by Metro are enrolled in the Certificate III in Transport and Distribution. This year twenty-three employees have successfully gained this qualification. Other external training being supported by Metro includes:

- Certificate IV and Diploma of Transport and Distribution;
- Certificate IV in Automotive Technology;
- Certificate IV in Frontline Management;
- Certificate IV in Training and Assessment;
- Management Diploma;
- Graduate Diploma of Applied Corporate Governance;
- Masters of Transport;
- Masters of Accounting; and
- Bachelor of Business.

## Apprenticeships

Metro supports the development of local tradespeople by training apprentices as diesel technicians and automotive electricians through a group training company. Metro has six apprentices in various stages of their apprenticeships at the Launceston and Hobart depots.

## Employee Wellbeing

A number of health promotions were run to raise the awareness of our workforce on typical health issues. As of 1 July 2011 Metro banned smoking on all Metro premises. In the lead-up to the ban, smokers were encouraged to quit by the provision of various anti-smoking kits.

A team of Metro employees participated in the Dragons Abreast boat challenge for corporate/social crews and Metro supported over twenty employees to participate in the Burnie 10.

## Safety Performance

Metro's safety performance as measured by the lost time injury frequency rate continues to improve, with a measureable decline in the number of lost time injuries in 2010-11. Efforts during the year have focused on risk assessments for bus operation, comprehensive internal safety audits to reduce risks and working toward developing a full safety management system.

Bus operators employed by Metro are enrolled in the Certificate III in Transport and Distribution.

This year twenty-three employees have successfully gained this qualification.



Figure 6 – Age Profile

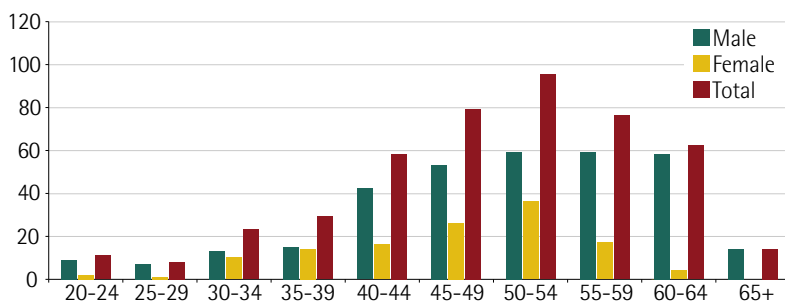


Figure 7 – Years of Service

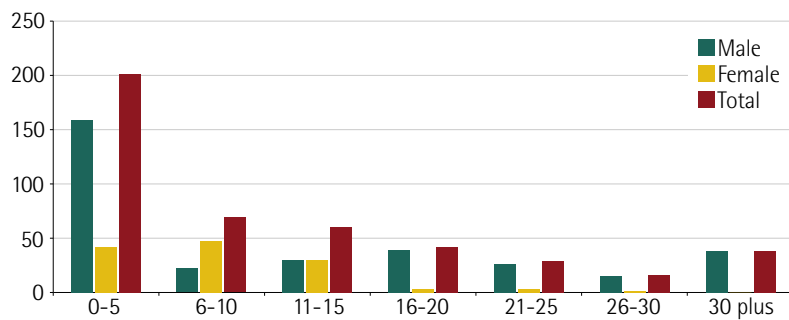
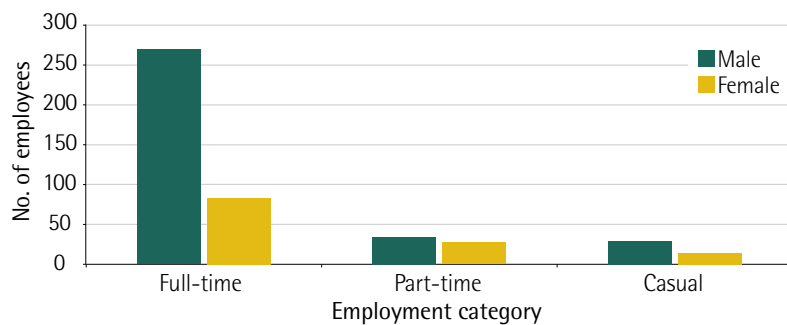


Figure 8 – Employment Status by Gender





# OUR CUSTOMERS

Metro invites enquiries, feedback, compliments and complaints from passengers...

**Metro uses the information provided by customers when considering changes and improvements to its services.**

In July 2010, Metro commissioned Colmar Brunton to undertake qualitative and quantitative research to gain a solid understanding and insight into user and non user attitudes and behaviour relating to Metro services.

The research revealed that getting to work, university or school (36%) was the most common main purpose for using Metro.

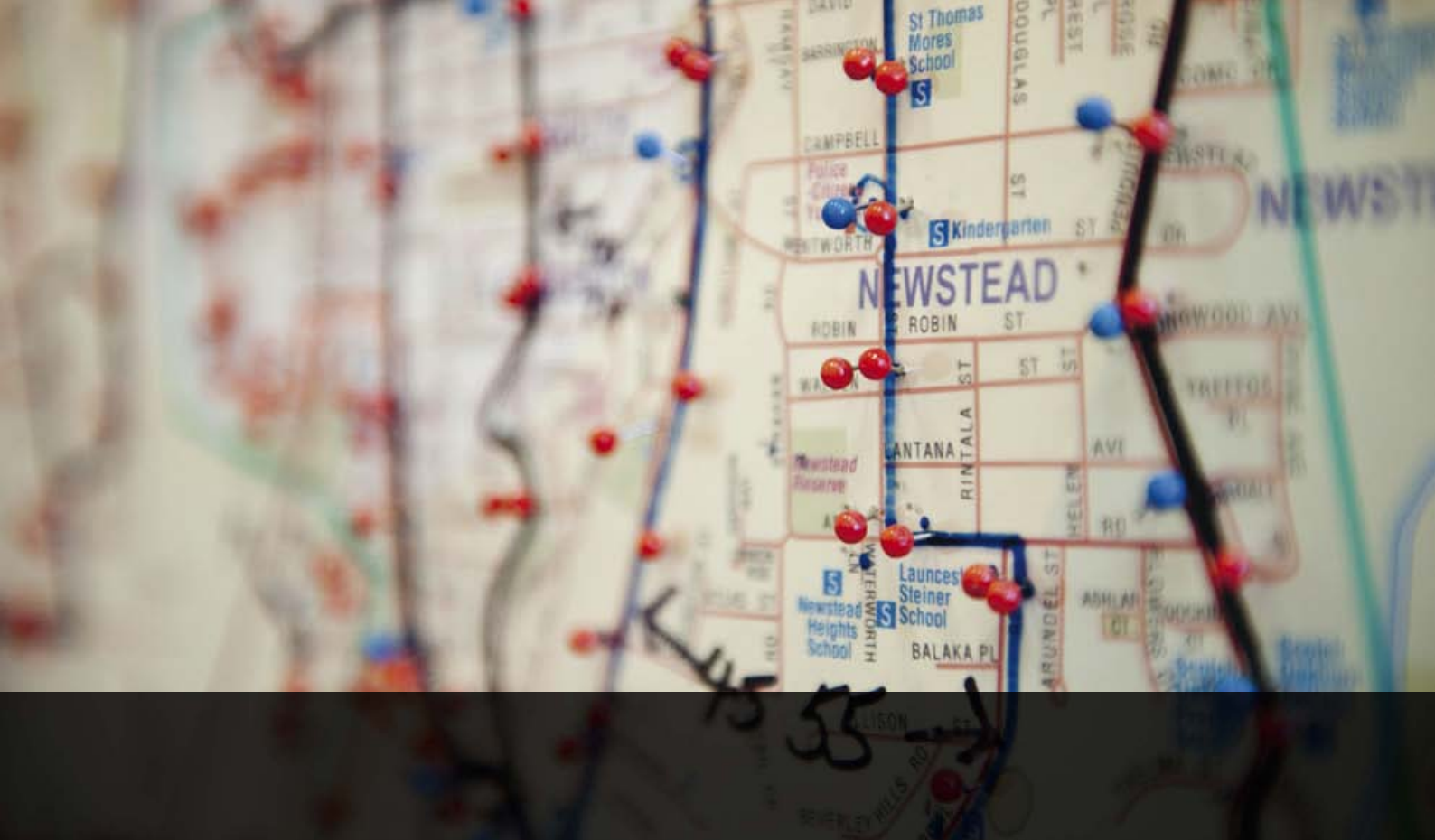
Overall, nearly two thirds (64%) of people were either likely (37%) or extremely likely (27%) to recommend Metro to a friend, family member or colleague. 69% of people were satisfied overall with Metro services (scoring 7-10 out of 10). 27% percent were neutral (scoring 4-6 out of 10) and 4% said they were unsatisfied. The mean score for overall satisfaction with Metro was 7.1 out of 10.

## Customer Service

Metro provides information and support to its customers through face-to-face, telephone, electronic and on route channels. Metro invites enquiries, feedback, compliments and complaints from passengers and members of the public. All complaints are investigated and a response provided to the person lodging the complaint within 10 working days. The information provided by customers is used when considering changes and improvements to its services.

In 2010-11 the company received 164 compliments and 1,322 complaints. With the introduction of a new database for recording of customer enquiries and the centralisation of enquiries to a single customer service centre, a more systematic approach to enquiry handling has been taken. The majority of customer enquiries are now recorded in Metro's database. This information is valuable in providing performance insights and addressing developmental requirements.



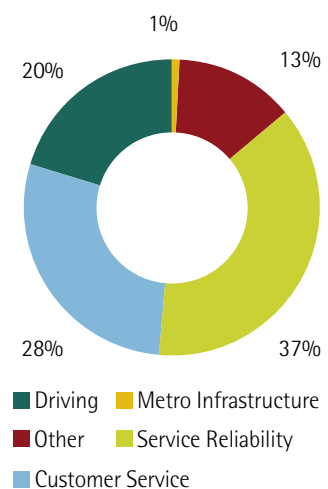


While all compliments recognised a high standard of service delivery by individual Metro employees, there have been several which warranted recognition as Compliment of the Month.

- John Scatchard, for safety awareness in stopping when a child ran out from behind a car into the path of the bus he was driving.
- Mick Mills and Richard Dureau, for helping two passengers who had boarded the incorrect service. Mick Mills radioed Richard Dureau and between them they arranged for the passengers to be picked up from one service and transferred to the correct service to take them to their destination.
- Jim Fullerton, who received two separate compliments regarding the same incident. Two motorists coming across the Tasman Bridge saw a Metro bus with its hazard lights on. In front of the bus was a man in a motorised wheelchair travelling very slowly, so Jim followed behind the wheelchair to warn other drivers and protect the man from other motorists.

- Shane Denny, Jill Hay and Michael Topfer, in appreciation of their efforts in helping the police to find a missing girl.
- John Fletcher, in appreciation for the outstanding work done in upgrading a shelter in East Launceston Primary School. John and Metro were complimented for their response in meeting the school's needs.
- Metro, as an organisation for the 'Boundary Rider' services to and from major cricket matches at Bellerive Oval.
- Glenn Stevens, who waited for intending passengers who were not quite at the bus stop.
- Gregory Penfold, whose courteous manner encouraged a first-time bus user to continue to use the bus instead of driving her car.
- Philip Stringer, who assisted a girl who fell over and hurt herself. Philip used his mobile to phone her parents and they arranged to meet the bus.
- Dennis Morrison, for safety awareness when an elderly man stepped onto the road in front of him almost, resulting in an accident. Dennis was calm and respectful during and after the incident.

Figure 9 – Breakdown of Complaints





# OUR COMMUNITY

Metro's community investment and sponsorship involves the provision of financial and in kind support.

**Metro's services to and from major events have proven to be a popular, convenient and cost effective transport choice.**

As the state's largest passenger transport provider, Metro's core purpose is to provide passenger transport services. Metro also recognises its intrinsic place in communities, connecting Tasmanians to their employment, study, leisure and community activities.

Metro also seeks to support and engage with the community through involvement in community investment and sponsorships. Community investment and sponsorship is undertaken in accordance with Metro's sponsorship guidelines that prioritise support for people through sport, events, lifestyle and community through health and environment. Sponsorship and community investment is also undertaken with a view to raising the profile of Metro and passenger transport and encouraging the use of passenger transport.

Community investment and sponsorship involves the provision of financial and in kind support. Metro provides its bus services to assist community transport needs.

Bus advertising space is provided in kind to assist community and not-for-profit organisations in reaching the community with their message. Metro encourages support for employees and engagement of employees in fundraising activities.

Metro partnered with the Hobart City Council to assist in transporting the public to and from the Hobart Christmas Pageant and Carols by the Bay. Metro's services to and from these major events have proven to be a popular, convenient and cost effective transport choice.

The Stroke Foundation partnered with Metro in raising awareness of the signs of stroke. All Metro employees were invited to attend special workshops aimed at educating them about the signs of stroke and what to do to assist someone having a stroke. As a result, Metro employees now understand what to do if one of their colleagues or customers may be having a stroke. Metro provided bus advertising space to the Stroke Foundation and assisted the foundation to distribute its message to Metro passengers.





Metro has supported a diverse range of community organisations throughout the 2010-11 financial year, including not-for-profit organisations, government initiatives and community celebrations. These organisations include:

- Risdon Vale Volunteer Fire Brigade
- Cricket Tasmania – Boundary Rider Services
- Carols by the Bay
- Seniors Week
- Anzac Day free travel for veterans and serving defence force personnel
- Cancer Council
- Variety The Children's Charity
- Dragons Abreast
- ABC Giving Tree
- Fight Cancer Foundation
- Salvation Army
- Choir of High Hopes
- Hobart Christmas Pageant
- Crime Stoppers
- Festvale
- Hobart Cup
- Australian Wooden Boat Festival
- Give me 5 for kids
- Harmony Day
- Hobart Connect
- Holyoake
- Mental Health Week
- Migrant Resource Centre
- Movember
- Royal Hobart Hospital Research Foundation
- RSPCA
- Save the Tasmanian Devil
- Stroke Foundation
- Tasmanian Early Years Foundation
- Walk to Work Day
- Work and Training Awards.

Metro looks forward to continued community investment and is working toward development of a corporate social responsibility strategy.

In August 2010, the Chief Executive Officer participated in the fund-raising event 'Sleep Out for the Salvos'. Apart from raising money for the Salvation Army, the event also raises awareness of the homeless people in Tasmania. Donations were received from many companies and individuals including Board directors, Metro staff, Metro suppliers and other bus companies in Tasmania and on the mainland.



# BOARD OF DIRECTORS



**Ron Ward**

Mr Ron Ward was appointed as a Director and Chairperson on 7 December 2009. He also chairs the Centacare Tasmania Advisory Board. A Fellow of the AICD, Ron is currently a Director of the Tasmania Together Progress Board, Tasplan Ltd, the Tasmanian Growth & Development Fund Pty Ltd, Skills Tasmania, the Mornington Park Development Pty Ltd and Kickstart Arts Inc. He was Tasmanian Group General Manager of Veolia Environmental Services (Australia) Pty Ltd from early 2000 until end 2009 and prior to that was Managing Director of RJ Transport Consultancy Pty Ltd, which provided services to the passenger transport industry. In addition to his company directorship activities Ron provides generalist business consultancy services in Tasmania, trading as Ron Ward Consultancy.



**Lynn Mason**

Ms Lynn Mason was appointed Director on 3 March 2008. She is Chairperson of the Tasmanian Community Fund, a Director of Furneaux Aquaculture Pty Ltd, and a Director of Quadrant Superannuation. She is past President of the Local Government Association of Tasmania, past Mayor of Flinders Council and past Senior Vice President of the Australian Local Government Association. She is a partner in the partnership of JM & NL Mason which owns and runs grazing property in Carrick and on Flinders Island. She holds a Bachelor of Arts and is a Fellow of the Australian Institute of Company Directors.



**Geoffrey Hazell**

Mr Geoffrey Hazell was appointed Director on 5 February 2010. He is a Director of Hazell Bros Group Pty Ltd incorporating Statewide Cranes, Quick Mix Concrete and Hobart Blue Metal Industries. He is a Fellow of the Australian Institute of Company Directors and a member of the Institute of Building Australia, Institute of Quarrying Australia and a member of the Civil Contractors Federation.



**Tracy Matthews**

Ms Tracy Matthews was appointed Director on 27 November 2007. She is a Director of Colony 47 Incorporated, the Royal Yacht Club of Tasmania and Tasplan Ltd. She was a former Director and Chairperson of the Printing Authority of Tasmania and Company Secretary of Robt. Nettlefold Pty Ltd. She is a Chartered Accountant and a Consultant with Wise Lord & Ferguson and was previously the General Manager and Company Secretary of Commercial Broadcasters Pty Ltd. She holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants Australia and a Fellow of the Australian Institute of Company Directors.



**Ian Newman**

Mr Ian Newman was appointed Director on 9 February 2010. He is a Director of Sun Coast Express. He has held a number of senior management positions in public, private and government organisations in both Australia and the South Pacific region in transport, tourism and retail industries in the past twenty five years. Ian has considerable experience in personnel management and industrial relations, including teaching and lecturing at tertiary level. He is currently consulting to a number of logistic providers in Tasmania and beyond. Ian holds a Bachelor of Economics and accounting qualifications.



**Mike Wisby**

Mr Mike Wisby was appointed Director on 21 May 1999. He is Chairperson of Variety the Children's Charity in Tasmania, a Director of Variety Australia Ltd and Treasurer of the Carbine Club of Tasmania Incorporated. He is currently the Chief Executive Officer of the Tasmanian Racing Club and has successfully owned and operated several small businesses in greater Hobart. He holds a Bachelor of Commerce, is a Chartered Accountant and a graduate of the Australian Institute of Company Directors.





# DIRECTORS' REPORT

The Directors of Metro Tasmania Pty Ltd present the annual financial report for the year ended 30 June 2011.

## Principal activities

Metro's principal activity during the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and to some regional centres around Hobart and Burnie.

## Review of operations

For the year ended 30 June 2011 Metro incurred a loss before income tax of \$73,000 (2010: profit of \$56,000) and an after tax loss of \$51,000 (2010: profit of \$189,000).

A detailed review of operations is contained in the Chairperson's Review on page 2 and in the Chief Executive Officer's Review on page 4.

## Dividends

The Directors do not recommend payment of a dividend this year. No dividend was paid for the year ended 30 June 2010.

## Changes in state of affairs

There were no significant changes in the state of affairs of the company that occurred during the financial year under review.

## Subsequent events

There has not been any matter or circumstance other than that referred to in the Financial Statements or Notes thereto that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

## Likely future developments

Metro continues to negotiate with the Department of Infrastructure, Energy and Resources for sustainable contracts which will provide appropriate payments for

operating expenditure and capital replacement and there are ongoing discussions on the appropriateness of Metro's capital structure.

## Directors

The names of the Directors in office during and since the end of the financial year are set out in Note 20 of the Financial Statements. The names of current Directors and details of their qualifications and experience appear on pages 16-17.

Directors are appointed for terms of three years by the shareholders and are eligible for reappointment in accordance with the Tasmanian Government Governance Framework. The Chairperson is appointed annually by the shareholders.

## Directors' remuneration

Fees paid to Directors are set by the Minister representing the Crown. Details are set out in Note 20 of the Financial Statements.



During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by Metro with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

## Corporate Governance

The Board of Directors is responsible for the overall corporate governance of the company. Corporate governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

As a state-owned company the Board is responsible to its shareholders, the Minister for Sustainable Transport and the Treasurer for meeting the aspirations of the state government and the Board directs management accordingly.

The Board performs this role by:

- Appointing and monitoring the performance of the Chief Executive Officer;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro;
- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning is undertaken.

## Remuneration Committee

The Remuneration Committee comprises three Directors and the Chief Executive Officer. This Committee oversees remuneration practices and policies in relation to executive managers and other staff of the company.

## Audit and Risk Management Committee

Metro has an Audit Committee which comprises three Directors. The Audit Committee has a documented charter, approved by the Board. The committee's responsibilities under its charter include consideration and monitoring of matters relating to external reporting, risk management, and internal and external audit functions.

## Indemnification of Directors and officers

During the financial year Metro paid a premium for an insurance policy to insure the Directors of Metro, all executive officers of Metro and its related body corporate against potential liabilities to the extent permitted by Corporations Law.

## Superannuation Declaration

The company has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* in respect to those employees who are members of a complying superannuation scheme to which Metro contributes.

The company also has a defined benefit scheme, under the *Retirement Benefits Act 1993*, which is subject to actuarial valuations and covers current and former employees.

## Auditor's Independence Declaration

The accounts of the company are independently audited by the Tasmanian Auditor-General. The Auditor-General has provided the Directors with an Independence Declaration as required under section 307C of the *Corporations Act 2001* and is included on page 20.

## Rounding off of amounts

Metro is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 (2) of the *Corporations Act 2001* on behalf of the Directors.




Ron Ward

**Chairperson**

11 August 2011

# AUDITOR'S INDEPENDENCE DECLARATION



**Tasmanian Audit Office**

STRIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

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4 August 2011

The Board of Directors  
Metro Tasmania  
PO Box 61  
**MOONAH TAS 7009**

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION**


In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Pursuant to section 298(1)(c) a copy of this declaration must be included in the Directors' report.

Yours sincerely



E R De Santi  
**DEPUTY AUDITOR-GENERAL**  
**Delegate of the Auditor-General**

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

**Making a Difference**

# DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Consolidated Entity:
  - (a) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
  - (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 2(a) of the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

The image shows two handwritten signatures in black ink. The signature on the left is 'Ron Ward' and the signature on the right is 'Lynn Mason'. Both signatures are written in a cursive, flowing style.

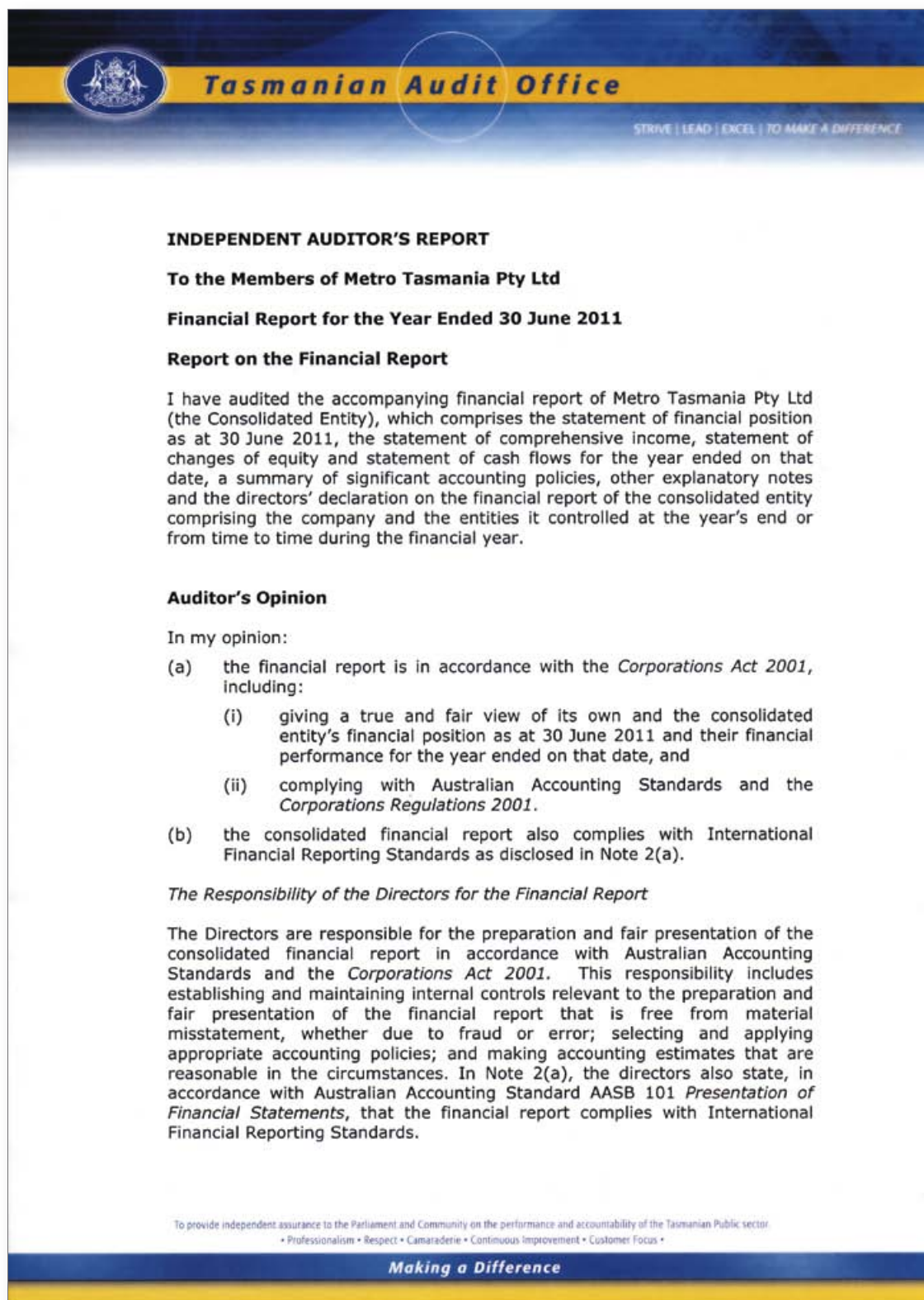
Ron Ward  
**Chairperson**

Lynn Mason  
**Deputy Chairperson**

11 August 2011



# INDEPENDENT AUDIT REPORT



### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors dated 4 August 2011 and included in the Directors' Report, would be unchanged if provided to the Directors as at the date of this audit report.

### **TASMANIAN AUDIT OFFICE**



E R De Santi  
**DEPUTY AUDITOR-GENERAL**  
**Delegate of the Auditor-General**

HOBART  
11 August 2011

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
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AN SHOREVELL PARK

**Metro**

MET 213  
TASMANIA - HOLIDAY ISLE





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# STATEMENT OF FINANCIAL POSITION

As at 30 June 2011		CONSOLIDATED	
	Note	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	2,866	5,435
Trade and other receivables	8	504	341
Inventories	9	1,237	1,046
Assets held for sale	10	204	261
Other current assets	11	901	854
<b>TOTAL CURRENT ASSETS</b>		<b>5,712</b>	<b>7,937</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	51,147	49,469
Intangible assets	13	124	143
Deferred tax assets	6	10,227	10,467
<b>TOTAL NON-CURRENT ASSETS</b>		<b>61,498</b>	<b>60,079</b>
<b>TOTAL ASSETS</b>		<b>67,210</b>	<b>68,016</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	4,092	4,836
Employee benefits	15	5,183	5,091
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,275</b>	<b>9,927</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	15	19,230	20,168
Deferred tax liabilities	6	5,447	5,382
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>24,677</b>	<b>25,550</b>
<b>TOTAL LIABILITIES</b>		<b>33,952</b>	<b>35,477</b>
<b>NET ASSETS</b>		<b>33,258</b>	<b>32,539</b>
<b>EQUITY</b>			
Contributed equity	16	15,503	15,503
Asset revaluation reserve	17	13,577	13,594
Retained profits	18	4,178	3,442
<b>TOTAL EQUITY</b>		<b>33,258</b>	<b>32,539</b>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011		CONSOLIDATED	
	Note	2011 \$'000	2010 \$'000
<b>REVENUE</b>			
Passenger transport operations	4(a)	42,058	40,343
Other operating income	4(b)	760	732
Financial income	4(c)	386	207
Non-operating income	4(d)	3,250	3,250
		46,454	44,532
<b>EXPENSES</b>			
Passenger transport operations	5(a)	(33,156)	(32,127)
Engineering and maintenance services	5(b)	(6,198)	(5,434)
Administration and general	5(c)	(5,812)	(5,569)
Finance costs	5(d)	(1,361)	(1,346)
		(46,527)	(44,476)
<b>Profit/(loss) before income tax</b>		(73)	56
<b>Income tax(expense)/benefit</b>	6	22	133
<b>Profit/(loss) for the year</b>		(51)	189
<b>Other comprehensive income</b>			
Revaluation of property, plant and equipment		-	1,503
Net change in fair value of available-for-sale financial assets		(18)	(9)
Defined benefit plan actuarial gains/(losses)		1,115	(1,036)
Income tax on other comprehensive income		(327)	(140)
<b>Other comprehensive income for the year, net of income tax</b>		770	318
<b>Total comprehensive income for the year</b>		719	507

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.



# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011	CONSOLIDATED			
	Contributed equity	Asset revaluation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	15,503	13,594	3,442	32,539
Total comprehensive income for the year				
Profit/(loss)	-	-	(51)	(51)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets, net of tax	-	(17)	6	(11)
Defined benefit plan actuarial gains/(losses), net of tax	-	-	781	781
Total other comprehensive income	-	(17)	787	770
Balance as at 30 June 2011	15,503	13,577	4,178	33,258

	CONSOLIDATED			
	Contributed equity	Asset revaluation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	15,503	12,587	3,942	32,032
Total comprehensive income for the year				
Profit/(loss)	-	-	189	189
Other comprehensive income				
Net gain on revaluation of property, plant and equipment, net of tax	-	1,052	-	1,052
Net change in fair value of available-for-sale financial assets, net of tax	-	(45)	36	(9)
Defined benefit plan actuarial gains/(losses), net of tax	-	-	(725)	(725)
Total other comprehensive income	-	1,007	(689)	318
Balance as at 30 June 2010	15,503	13,594	3,442	32,539

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	CONSOLIDATED	
		2011 \$'000	2010 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers and service contracts		47,687	46,608
Interest received	4(c)	386	207
Cash paid to suppliers and employees		(44,803)	(39,780)
Interest paid		(23)	(6)
<b>Net cash from operating activities</b>	22(a)	3,247	7,029
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		153	331
Acquisition of property, plant and equipment		(5,969)	(6,252)
<b>Net cash from (used in) investing activities</b>		(5,816)	(5,921)
Net increase/(decrease) in cash and cash equivalents		(2,569)	1,108
Cash and cash equivalents at the beginning of the financial year		5,435	4,327
<b>Cash and cash equivalents at the end of the financial year</b>	22(b), 7	2,866	5,435

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

## Note 1. REPORTING ENTITY

Metro Tasmania Pty Ltd (the "Company") is a Tasmanian state-owned company domiciled in Australia. The address of the Company's registered office is 212 – 220 Main Road, Moonah, Tasmania. The consolidated Financial Statements as at and for the year ended 30 June 2011 comprise the Company and its subsidiary (together referred to as "Metro").

## Note 2. BASIS OF PREPARATION

### (a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the group and the financial report of the Company comply with with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated Financial Statements were authorised for issue by the Board of Directors on 11 August 2011.

### (b) Basis of Measurement

These consolidated Financial Statements have been prepared on an accrual basis and are based on historical costs and do not take into account changing money values except for land, buildings and buses which are measured at fair value. The accounting policies have been consistently applied, unless otherwise stated.

### (c) Functional and Presentation Currency

These consolidated Financial Statements are presented in Australian dollars, which is the consolidated entity's functional currency.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

### (d) Judgements and Assumptions

In the application of Australian Accounting Standards, Metro is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Metro that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

Metro has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

### (e) Changes in Accounting Policies

#### *Impact of new and revised Accounting Standards*

In the current year, Metro has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These include:

- *AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* – This Standard introduces some minor terminology changes. There is no expected financial impact in applying these changes.



# NOTES TO THE FINANCIAL STATEMENTS

## Note 2. BASIS OF PREPARATION *(continued)*

### (e) Changes in Accounting Policies *(continued)*

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* - This Standard introduces small disclosure and classification changes. There is no expected financial impact in applying these changes.

#### ***Impact of new and revised Accounting Standards yet to be applied***

The following Standards have been issued by the AASB and are yet to be applied:

- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* - The amendments require modification to the disclosure of categories of financial assets. It is not anticipated that there will be any financial impact.
- AASB 1053 *Application of Tiers of Australian Accounting Standards* - This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Financial Statements. However, it may affect disclosures if reduced disclosure requirements apply.
- AASB 1054 *Australian Additional Disclosures* (applies to annual reporting periods beginning in or after 1 July 2011). This Standard sets out the Australian specific disclosures for entities that have adopted Australian Accounting Standards that are additional to the requirements under International Financial Reporting Standards, including disclosures relating to the nature of the financial report, audit fees and the reconciliation of net operating cash flows to profit. These amendments, which become mandatory for Metro's 30 June 2012 Financial Statements are not expected to have a significant impact on the financial statements.
- AASB 2010-2 *Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements* - This Standard makes amendments to introduce disclosure requirements for certain types of entities. There is no expected financial impact of applying these changes.
- AASB 2010-6 *Amendment to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* - This Standard includes additional presentation and disclosure requirements for financial assets. It is not expected to have a financial impact.
- AASB 2010-7 *Amendment to Australian Accounting Standards arising from AASB 9* - This Standard makes minor revisions, however it is not expected to have a financial impact.
- AASB 2009-12 *Amendment to Australian Accounting Standards* - This Standard introduces a number of terminology changes. There is no expected financial impact.
- AASB 2010-5 *Amendment to Australian Accounting Standards* - This Standard introduces terminology changes as well as presentation changes, however, there is no financial impact from these revisions.

## Note 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

The consolidated Financial Statements have been prepared by combining the Financial Statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer to Note 27. Consistent accounting policies have been employed in the preparation and presentation of the consolidated Financial Statements.

In preparing the consolidated Financial Statements, all inter-company transactions, balances, income and expenses are eliminated in full.

### (b) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO.

### (c) Revenue

#### ***Passenger transport operations revenue***

Passenger transport operations revenue is recognised at the time the ticket is purchased.

#### ***Financial income***

Interest is recognised as it accrues.

#### ***Other operating and non-operating income***

The net gain (loss) of non-current asset sales are included as income (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

### (d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and call deposits.

### (e) Trade and Other Receivables

Trade and other receivables are recorded at nominal amounts due less any provision for impairment and are recognised on delivery of services to customers. A significant volume of Metro's operations are performed for the state government or are received as cash fares. Accordingly, exposure to credit risk is minimal. An estimate for impairment is made when collection of the full amount is no longer probable. Impaired receivables are written off when identified.

### (f) Assets held for Sale

Assets which satisfy the criteria in AASB 5 '*Non-Current Assets Held for Sale*' are transferred to current assets and separately disclosed as assets held for sale on the face of the Statement of Financial Position. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date which they satisfy the held-for-sale criteria.

### (g) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to Metro prior to the end of the financial year which are unpaid. Measurement is based on the agreed purchase/ contract cost. The amounts are unsecured and are usually paid within 30 days of recognition.

### (h) Financial Instruments

It is not current Metro policy to utilise derivative financial instruments as a means of managing exposure to risks.

#### ***Recognition and initial measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised and classified as set out below:

#### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

#### *(ii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (i) Inventories

Inventories are valued at the lower of cost or current replacement cost which consists of bus spare parts, fuel and consumable stores.

### (j) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss, with the exception of land, buildings and the bus fleet which are independently valued at fair value.

Assets held for sale within the next twelve months are disclosed as current assets.

#### **Revaluations**

The bus fleet, land and buildings are revalued on a three-yearly basis. An indexation analysis for land and buildings is performed in subsequent years to ensure they reflect fair value at balance date. All other property, plant and equipment are also revalued with sufficient regularity to ensure they reflect fair value at balance date.

Revaluation increments are recognised in other comprehensive income and/or accumulated in equity under asset revaluation reserve. The increment is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Revaluation decrements are recognised in profit or loss.

Revaluation decrements are recognised in other comprehensive income to the extent of any credit balance existing in the asset revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under asset revaluation reserve.

An independent valuation of land and buildings was performed as at 30 June 2009 by Mr D Saunders B.Ec.Dip.Val.FAPI Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use'.

An independent valuation of the bus fleet was performed as at 30 June 2010 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of m3p&te.

#### **Depreciation**

Depreciation is recognised in the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment (excluding land and the bus fleet) as follows:

Buildings	40 years
Route infrastructure	10 years
Office equipment	4 years
Electronic ticketing and communication equipment	10 years
CCTV equipment	5 years
Plant and equipment	10 years
Auxiliary vehicles	4 years

Land is not depreciated.

The bus fleet is depreciated using the 'Fleet Depreciation Profile' with an effective life of 25 years as recommended by the independent valuer Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of m3p&te as at 30 June 2010.

### (k) Impairment of Assets

The carrying values of tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may exceed the recoverable amount. The asset is then written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.



# NOTES TO THE FINANCIAL STATEMENTS

## Note 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (l) Intangible Assets

Intangible assets are valued at fair value where an active market exists or recognised at cost where no active market exists.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use as follows:

Licences	4 years
Computer software	4 years

### (m) Leases

Lease payments for the operating leases on property where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

### (n) Employee Benefits

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Discount rates used reflect national government securities that closely match the terms of maturity of the related liabilities.

#### ***Compensated benefits***

##### *Annual leave*

The provision for annual leave represents the amount Metro has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at the amounts expected to be paid when the liability is settled and includes superannuation on-costs.

##### *Long service leave*

The provision for long service leave represents the present value of the estimated future cash outflow to be made by the employer resulting from employees' services provided up to balance date. In determining the liability for employee benefits, account has been taken of future increases in wage and salary rates, and Metro's experience with staff departures. Related superannuation on-costs also have been included in the liability.

#### ***Retirement benefits***

##### *Defined benefit superannuation plan*

The State Actuary has provided actuarial calculations of the current benefit of the defined benefit liability under the Retirement Benefits Fund (RBF) for current and former employees of Metro.

The RBF is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary). The RBF has contributory members, compulsory preserved members and pensioners.

Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and presented in the Statement of Changes in Equity. Interest costs are recognised in finance costs and service costs are recognised in employee and related expenses in the Statement of Comprehensive Income. Details are referred to at Note 28.

### (o) Provisions

A provision is recognised when there is a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

#### ***Dividends***

Dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash. No dividend was recommended by the Board prior to the end of the current or previous financial years.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **(p) Income Tax**

The charge for current tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that Metro will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

On 10 June 2011 the government proposed the future reduction in the Company tax rate from 30% to 29%. No impact has been recognised and no adjustments have been made to the deferred tax balances at 30 June 2011 for the proposed tax rate change.

### **(q) Tax Consolidation**

The Company and its wholly-owned Australian resident entity formed a tax-consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Metro Tasmania Pty Ltd and the subsidiary entity is Metro Coaches (Tas) Pty Ltd.

### **(r) Segment Reporting**

Metro operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are similar, given the new services contract with government.

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>Note 4. REVENUE</b>		
<b>(a) Passenger transport operations</b>		
Service contracts	31,172	30,054
Ticket fares	10,886	10,289
	42,058	40,343
<b>(b) Other operating income</b>		
Profit on disposal of property, plant and equipment	64	42
Advertising income	394	319
Rental income	49	81
Other income	253	290
	760	732
<b>(c) Financial income</b>		
Interest income	386	207
	386	207
<b>(d) Non-operating income</b>		
Additional government funding	3,250	3,250
	3,250	3,250
<b>Total income</b>	<b>46,454</b>	<b>44,532</b>
<b>Note 5. EXPENSES</b>		
<b>(a) Passenger transport operations</b>		
Fuel	4,980	4,423
Employee and related expenses	21,956	21,648
Depreciation and amortisation expenses	3,740	3,427
Other expenses	2,480	2,629
	33,156	32,127
<b>(b) Engineering and maintenance services</b>		
Maintenance expense	3,699	2,983
Employee and related expenses	2,357	2,307
Depreciation and amortisation expenses	142	144
	6,198	5,434
<b>(c) Administration and general</b>		
Employee and related expenses	2,809	2,179
Depreciation and amortisation expenses	378	393
Other expenses	2,625	2,997
	5,812	5,569
<b>(d) Finance costs</b>		
Interest expense	23	6
Actuarial interest costs	1,338	1,340
	1,361	1,346
<b>Total expenses</b>	<b>46,527</b>	<b>44,476</b>



# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>Note 6. INCOME TAX</b>		
<b>(a) Income tax expense recognised in the Statement of Comprehensive Income</b>		
<b>Current tax expense</b>		
Current tax	88	92
Adjustments for prior years	-	-
<b>Deferred tax expense</b>		
Decrease/(increase) in deferred tax asset	151	(358)
Increase/(decrease) in deferred tax liability	66	273
Less recognised directly in equity	(327)	(140)
<b>Income tax expense/(benefit)</b>	<b>(22)</b>	<b>(133)</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2010: 30%)	(22)	17
Add tax effect of:		
Entertainment (non-deductible)	-	3
Investment allowance	-	(153)
Under provision of prior year income tax	-	-
	<b>(22)</b>	<b>(133)</b>
<b>(c) Income tax expense recognised directly to equity</b>		
Property, plant and equipment (Note 17)	(7)	451
Superannuation (Note 18)	334	(311)
	<b>327</b>	<b>140</b>
<b>(d) Non-current and deferred tax balances</b>		
<b>Assets:</b>		
Deferred tax assets	10,227	10,467
	<b>10,227</b>	<b>10,467</b>
<b>Liabilities:</b>		
Deferred tax liability	5,447	5,382
	<b>5,447</b>	<b>5,382</b>
	<b>4,780</b>	<b>5,085</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 6. INCOME TAX (continued)

2011	CONSOLIDATED				
	Opening balance 1 July 2010	Prior year adjustment	Recognised in the Statement of Comprehensive Income	Recognised in equity	Balance at 30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	6,142	-	9	(334)	5,817
Tax losses	2,926	-	(88)	-	2,838
Employee benefits	1,332	-	72	-	1,404
Provision for impairment	-	-	-	-	-
Accrued costs	47	-	(517)	-	(470)
Other provisions	18	-	(12)	-	6
Prepayments	(63)	-	2	-	(61)
Inventories	-	-	-	-	-
Property, plant and equipment	(5,299)	-	540	7	(4,752)
Accrued income	(18)	-	16	-	(2)
<b>Total</b>	<b>5,085</b>	<b>-</b>	<b>22</b>	<b>(327)</b>	<b>4,780</b>

2010	CONSOLIDATED				
	Opening balance 1 July 2009	Prior year adjustment	Recognised in the Statement of Comprehensive Income	Recognised in equity	Balance at 30 June 2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Superannuation	5,733	-	98	311	6,142
Tax losses	3,018	-	(92)	-	2,926
Employee benefits	1,372	-	(40)	-	1,332
Provision for impairment	1	-	(1)	-	-
Accrued costs	47	-	-	-	47
Other provisions	28	-	(10)	-	18
Prepayments	(66)	-	3	-	(63)
Inventories	(79)	-	79	-	-
Property, plant and equipment	(4,941)	-	93	(451)	(5,299)
Accrued income	(21)	-	3	-	(18)
<b>Total</b>	<b>5,092</b>	<b>-</b>	<b>133</b>	<b>(140)</b>	<b>5,085</b>

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<b>Note 7. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	1,881	3,645
Call deposit at Tascorp	985	1,790
	2,866	5,435
<b>Note 8. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	511	341
Less provision for impairment	(7)	-
	504	341
<b>Note 9. INVENTORIES</b>		
Inventories	1,249	1,059
Less provision for obsolescence	(12)	(13)
	1,237	1,046
<b>Note 10. ASSETS HELD FOR SALE</b>		
Property, plant and equipment	204	261
	204	261
<b>Note 11. OTHER CURRENT ASSETS</b>		
Prepayments	901	854



# NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>(a) Carrying amounts</b>		
<b>Land and buildings</b>		
<b>Land</b>		
At fair value	9,280	9,280
<b>Total</b>	<b>9,280</b>	<b>9,280</b>
<b>Buildings</b>		
At fair value	5,744	5,558
Less: accumulated depreciation	(294)	(156)
<b>Total</b>	<b>5,450</b>	<b>5,402</b>
<b>Total land and buildings</b>	<b>14,730</b>	<b>14,682</b>
<b>Buses</b>		
At fair value	32,137	27,695
Less: accumulated depreciation	(2,979)	-
<b>Total</b>	<b>29,158</b>	<b>27,695</b>
<b>Route infrastructure</b>		
At cost	2,435	2,341
Less: accumulated depreciation	(2,017)	(1,944)
<b>Total</b>	<b>418</b>	<b>397</b>
<b>Office equipment</b>		
At cost	1,555	981
Less: accumulated depreciation	(639)	(760)
<b>Total</b>	<b>916</b>	<b>221</b>
<b>Electronic ticketing &amp; communication equipment</b>		
At cost	5,106	4,971
Less: accumulated depreciation	(983)	(504)
<b>Total</b>	<b>4,123</b>	<b>4,467</b>
<b>CCTV equipment</b>		
At cost	1,175	1,174
Less: accumulated depreciation	(352)	(116)
<b>Total</b>	<b>823</b>	<b>1,058</b>

# NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>Plant and equipment</b>		
At cost	1,073	1,017
Less: accumulated depreciation	(796)	(776)
<b>Total</b>	<b>277</b>	<b>241</b>
<b>Auxiliary vehicles</b>		
At cost	534	483
Less: accumulated depreciation	(232)	(220)
<b>Total</b>	<b>302</b>	<b>263</b>
<b>Work in progress</b>		
At cost	400	445
<b>Total</b>	<b>400</b>	<b>445</b>
<b>Total property, plant and equipment</b>	<b>51,147</b>	<b>49,469</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 12. PROPERTY, PLANT AND EQUIPMENT (continued)

### (b) Reconciliation of movements in carrying amounts

2011	CONSOLIDATED									
	Land and buildings	Buses	Route infrastructure	Office equipment	Electronic ticketing and communication equipment	CCTV equipment	Plant and equipment	Auxiliary vehicles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,682	27,695	397	221	4,467	1,058	241	263	445	49,469
Additions	184	4,501	94	830	137	-	82	179	-	6,007
Disposals	-	(59)	-	(35)	-	-	-	(32)	(45)	(171)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
Net transfers	-	-	-	-	-	-	-	-	-	-
Depreciation	(136)	(2,979)	(73)	(100)	(481)	(235)	(46)	(108)	-	(4,158)
Carrying amount at 30 June	14,730	29,158	418	916	4,123	823	277	302	400	51,147

2010	CONSOLIDATED									
	Land and buildings	Buses	Route infrastructure	Office equipment	Electronic ticketing and communication equipment	CCTV equipment	Plant and equipment	Auxiliary vehicles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	14,800	26,603	354	292	158	-	245	287	445	43,184
Additions	38	2,769	116	11	4,600	1,174	36	181	-	8,925
Disposals	-	(189)	-	-	-	-	-	(101)	-	(290)
Revaluation increments/(decrements)	-	1,503	-	-	-	-	-	-	-	1,503
Impairment losses	-	-	-	-	-	-	-	-	-	-
Net transfers	-	-	-	-	-	-	-	-	-	-
Depreciation	(156)	(2,991)	(73)	(82)	(291)	(116)	(40)	(104)	-	(3,853)
Carrying amount at 30 June	14,682	27,695	397	221	4,467	1,058	241	263	445	49,469



# NOTES TO THE FINANCIAL STATEMENTS

Note 12. PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>(c) Written down costs</b>		
Land and buildings	7,781	7,709
Buses	15,659	12,533

All items of property, plant and equipment are held by the parent company.

An independent valuation of freehold land and buildings was performed as at 30 June 2009 by Mr D Saunders B.Ec.Dip.Val.FAPI Valuer of Saunders & Pitt. This valuation was performed on the basis of 'current market value in the existing use'.

An independent valuation of 'in service' buses was performed as at 30 June 2010 by Mr R.A. van Raay FAPI, FRICS, ASA, AFAIM, CMILT, Certified Practising Valuer (P&M) of m3p&te. The valuation was performed on the basis of 'market value for existing use'.

This approach assumes that the asset could be sold in the market for its existing use.

Note 13. INTANGIBLE ASSETS	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>(a) Carrying amounts</b>		
<b>Licences</b>		
At cost	64	64
Less: accumulated amortisation	(64)	(64)
<b>Total</b>	-	-
<b>Computer software</b>		
At cost	1 792	1 819
Less: accumulated amortisation	(1,668)	(1,676)
<b>Total</b>	124	143
<b>Total intangibles</b>	124	143
<b>(b) Reconciliation of movements in carrying amounts</b>		
Carrying amount at 1 July	143	254
Additions- other development	88	-
Amortisation	(107)	(111)
Carrying amount at 30 June	124	143
<b>Note 14. TRADE AND OTHER PAYABLES</b>		
Trade creditors and accruals	3,729	4,469
Employee benefits oncosts	363	367
	4,092	4,836

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
<b>Note 15. EMPLOYEE BENEFITS</b>		
<b>Current:</b>		
Retirement benefits	793	890
Compensated benefits:		
Accrued salaries and wages	887	662
Annual leave	1,622	1,588
Long service leave	1,834	1,904
Workers compensation	47	47
	5,183	5,091
<b>Non-current:</b>		
Retirement benefits	18,601	19,586
Compensated benefits:		
Long service leave	629	582
	19,230	20,168
	24,413	25,259
<b>Note 16. CONTRIBUTED EQUITY</b>		
Issued capital - two shares of \$1 each		
Contributed equity	15,503	15,503
	15,503	15,503
<b>Note 17. ASSET REVALUATION RESERVE</b>		
Balance at beginning of financial year	13,594	12,587
Revaluation of land and buildings	-	-
Revaluation of buses	-	1,503
Disposal of revalued buses	-	(45)
Deferred tax asset/(liability)	7	(451)
Write down of buses to recoverable amount	(24)	-
Balance at end of financial year	13,577	13,594
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset is transferred to retained profits.		
<b>Note 18. RETAINED PROFITS</b>		
Balance at beginning of financial year	3,442	3,942
Net profit/(loss)	(51)	189
Revaluation increments (decrements) attributable to assets disposed of during the year	6	36
Defined benefit plan actuarial gains/(losses)	1,115	(1,036)
Related income tax	(334)	311
Balance at end of financial year	4,178	3,442

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>Note 19. COMMITMENTS FOR EXPENDITURE</b>		
<b>Capital commitments:</b>		
Payments within 1 year	3,328	2,580
Payments 1-5 years	-	167
	3,328	2,747

## Note 20. RELATED PARTIES

### Directors:

The following were the Board of Directors of Metro during the reporting period and unless otherwise indicated were Directors for the entire period:

Mr Ron Ward (Chairperson)  
 Ms Lynn Mason (Deputy Chairperson)  
 Mr Geoffrey Hazell  
 Ms Tracy Matthews  
 Mr Ian Newman  
 Mr Mike Wisby

### Remuneration of Directors:

Directors fees of \$121,267 (2010 \$76,678) and superannuation contributions of \$31,271 (2010 \$10,150) were paid during the reporting period.

There were no transactions with Directors or director-related entities during either financial years.

### Key Management Personnel:

The Board's policy for determining the nature and amount of remuneration for Metro's key management personnel is as follows:

- The remuneration policy is developed by the Remuneration Committee and approved by the Board after professional advice is sought from independent external consultants.
- All key management personnel receive a base salary, superannuation and other benefits. They do not receive performance based incentives.

The following were Metro's key management personnel during the reporting period:

Ms Heather Haselgrove, Chief Executive Officer  
 Mrs Anita Robertson, Chief Financial Officer and Company Secretary  
 Mr Alan Pedley, General Manager Operations  
 Mr Ian Ward, General Manager Infrastructure and Engineering  
 Mr Anthony James, General Manager Business Development and Planning  
 Mr Craig Anderson, Manager Human Resources  
 Mr Rodney Byfield, Chief Information Officer



# NOTES TO THE FINANCIAL STATEMENTS

## Note 20. RELATED PARTIES *(continued)*

### **Remuneration of Key Management Personnel:**

The aggregate compensation made to Metro's key management personnel is set out in the following table:

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Short-term employee benefits	762	683
Other long-term employee benefits	9	-
Post-employment benefits	69	61
Termination benefits	-	-
Equity compensation benefits	-	-
	840	744
<b>Note 21. REMUNERATION OF AUDITORS</b>		
External audit services	52	42
Internal audit services	46	37
Tax services	15	13
	113	92

# NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
<b>Note 22. CASH FLOW STATEMENT</b>		
<b>(a) Reconciliation of cash flow with profit after income tax</b>		
Profit/(loss) after income tax	(51)	189
<b>Add (less) non cash items:</b>		
Depreciation	4,153	3,853
Amortisation	107	111
Income tax expense/(benefit)	(22)	(133)
Loss/(profit) on sale of non-current assets	(64)	(46)
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(163)	466
(Increase)/decrease in inventories	(191)	(130)
(Increase)/decrease in other current assets	(47)	161
Increase/(decrease) in trade and other payables	(744)	2,259
Increase/(decrease) in provisions	269	299
Net cash inflow from operating activities	3,247	7,029
<b>(b) Reconciliation of cash</b>		
Cash at bank and on hand	1,881	3,645
Call deposit at Tascorp	985	1,790
Cash as per Statement of Cash Flows	2,866	5,435
<b>(c) Credit and standby facilities</b>		
Credit cards facility limit	20	20
Less used/committed	-	-
Balance of credit card facility available	20	20

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS

### Financial risk management policies

Metro's financial instruments consist mainly of deposits with banks, accounts receivable and payable. It is not current Metro policy to utilise derivative instruments as a means of managing exposure to risks.

Metro does not have any derivative instruments in either financial years.

### Financial risk exposures and management

The main risks Metro is exposed to through its financial instruments are interest rate risk and credit risk.

#### (a) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. There are no material amounts of collateral held as security in either financial years.

Metro does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into and manages risk with appropriate credit checks, regular review of balances and structured payment options.

The following table analyses financial assets that are past due but not impaired.

#### Analysis of financial assets that are past due but not impaired:

	CONSOLIDATED							
	0 days past due		1-30 days past due		31-90 days past due		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>								
Receivables	466	261	27	45	11	35	504	341

#### (b) Liquidity risk

Liquidity risk arises from the possibility that Metro might encounter difficulty in settling its debts or otherwise meeting its obligation related to financial liabilities.

Metro manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to Metro's operational, investing and financing activities;
- obtaining funding from a variety of sources;
- only investing short-term surplus cash with reputable organisations including Tascorp and the big four financial institutions; and
- monitoring undrawn credit facilities.

#### Financial liability and financial asset maturity analysis:

	CONSOLIDATED							
	Weighted average effective interest rate		Floating interest rate		Non-interest bearing		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>								
Cash at bank	4.00	3.75	1,881	3,645	-	-	1,881	3,645
Call deposit at Tascorp	4.98	3.89	985	1,790	-	-	985	1,790
Receivables			-	-	504	341	504	341
			2,866	5,435	504	341	3,370	5,776

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS (continued)

### (b) Liquidity risk (continued)

	CONSOLIDATED											
	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing				Non-interest bearing		Total	
					Within 1 year		1 To 5 years					
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities:</b>												
Trade creditors and accruals	-	-	-	-	-	-	-	-	3,729	4,469	3,729	4,469
	-	-	-	-	-	-	-	-	3,729	4,469	3,729	4,469

Trade creditors and accruals are expected to be paid as follows:

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Less than 6 months	3,729	4,469
6 months to 1 year	-	-
1 - 5 years	-	-
	3,729	4,469

### (c) Market risk

#### (i) Interest rate risk

Exposures to interest rate risk is limited to assets and liabilities bearing variable interest rates.

Metro is not exposed to fluctuations in foreign currencies.

Metro does not have any material interest rate risk and Board approval is required for all investing and borrowing decisions to ensure appropriate interest rates are achieved. Metro has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from change in this risk.

#### Sensitivity analysis:

At 30 June 2011, the effect on profit or loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Change in profit or loss		
- increase in interest rate by 2%	83	97
- decrease in interest rate by 2%	(83)	(97)
Change in equity		
- increase in interest rate by 2%	83	97
- decrease in interest rate by 2%	(83)	(97)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as Metro is not exposed to foreign currency fluctuations.



# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS *(continued)*

### (d) Net fair values

The net fair value equals the carrying value for all financial assets and liabilities held by Metro.

The net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

	CONSOLIDATED			
	2011 \$'000		2010 \$'000	
	Carrying value	Net fair value	Carrying value	Net fair value
<b>Financial assets:</b>				
Cash at bank	1,881	1,881	3,645	3,645
Call deposit at Tascorp	985	985	1,790	1,790
Receivables	504	504	341	341
	3,370	3,370	5,776	5,776
<b>Financial liabilities:</b>				
Trade creditors and accruals	3,729	3,729	4,469	4,469
	3,729	3,729	4,469	4,469

### (e) Financial instruments by categories

	CONSOLIDATED			
	2011			
	Total	Loans and receivables	Cash	Financial liabilities measured at amortised cost
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>				
Cash at bank	1,881	-	1,881	-
Call deposit at Tascorp	985	-	985	-
Receivables	504	504	-	-
	3,370	504	2,866	-
<b>Financial liabilities:</b>				
Trade creditors and accruals	3,729	-	-	3,729

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. FINANCIAL INSTRUMENTS *(continued)*

### (e) Financial instruments by categories *(continued)*

	CONSOLIDATED			
	2010			
	Total	Loans and receivables	Cash	Financial liabilities measured at amortised cost
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>				
Cash at bank	3,645	-	3,645	-
Call deposit at Tascorp	1,790	-	1,790	-
Receivables	341	341	-	-
	5,776	341	5,435	-
<b>Financial liabilities:</b>				
Borrowings	-	-	-	-
Trade creditors and accruals	4,469	-	-	4,469
	4,469	-	-	4,469

### (f) Capital risk management

Metro manages its capital tightly to ensure funds are available to implement planned capital expenditure strategies. Metro has reviewed its long-term capital expenditure program and continues to assess the options available to finance this program.

## Note 24. CONTINGENT LIABILITIES

After due investigation Metro has identified no contingent liabilities.

## Note 25. POST-BALANCE DATE EVENTS

Metro has not identified any post-balance date events requiring adjustments to the Financial Statements.

## Note 26. ECONOMIC DEPENDENCY

A significant volume of Metro's operations are performed under contract to the state government. In addition to this Metro received an additional \$3.25 million to improve its passenger bus fleet and assist with its long-term capital replacement program.

This funding is necessary to address Metro's ongoing sustainability issues.

## Note 27. CONTROLLED ENTITY

	Country of incorporation	Equity interest	
		2011	2010
<b>Parent entity:</b>			
Metro Tasmania Pty Ltd	Australia	-	-
<b>Controlled entity:</b>			
Metro Coaches (Tas) Pty Ltd	Australia	100%	100%

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN

### General Information

The following provides the information that is required to be disclosed in the Notes to the Financial Statements for the year ended 30 June 2011 pursuant to AASB 119. The disclosures are set out in paragraph 120A of the standard. Those parts of paragraph 120A that do not relate to the Fund have not been included. The authority should satisfy itself that the disclosure is appropriate.

Note that the changes made to the AASB 119 standard in April 2007 removed the paragraph 121 disclosures. Metro is therefore no longer required to disclose information relating to the funding arrangements or the most recent actuarial valuation of the Fund.

Due to rounding, some figures may not add exactly to the totals.

### Accounting Policy

Actuarial gains and losses are recognised immediately through retained earnings in the year in which they occur. Interest costs are recognised in finance costs and service costs are recognised in employee and related expenses in the Statement of Comprehensive Income in the year in which they occur.

### Fund Information

Defined benefit members receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

### Reconciliation of the Defined Benefit Obligation – Para 120A(c)

Financial year ending	30 June 2011 \$'000	30 June 2010 \$'000
<b>Present value of defined benefit obligations at beginning of the year</b>	<b>25,603</b>	24,230
(+) Current service cost	576	560
(+) Interest cost	1,338	1,340
(+) Estimated contributions by plan participants	212	211
(+) Actuarial (gains)/losses	(1,324)	909
(-) Estimated benefits paid	2,063	1,598
(-) Estimated taxes, premiums and expenses paid	50	49
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Past service cost	-	-
(+) Curtailments	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
<b>Present value of defined benefit obligations at end of the year</b>	<b>24,292</b>	25,603

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN *(continued)*

### **Reconciliation of the Defined Benefit Obligation – Para 120A(d)**

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

### **Reconciliation of the Fair Value of Scheme Assets – Para 120A(e)**

Financial year ending	30 June 2011 \$'000	30 June 2010 \$'000
Fair value of plan assets at beginning of the year	5,127	5,116
(+) Expected return on plan assets	354	352
(+) Actuarial gains/(losses)	(208)	(127)
(+) Estimated employer contributions	1,526	1,222
(+) Estimated contributions by plan participants	212	211
(-) Estimated benefits paid	2,063	1,598
(-) Estimated taxes, premiums & expenses paid	50	49
(+) Transfers in	-	-
(-) Contributions to accumulation section	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
<b>Fair value of plan assets at end of the year</b>	<b>4,898</b>	<b>5,127</b>

### **Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position – Para 120A(f)**

As at	30 June 2011 \$'000	30 June 2010 \$'000
Defined Benefit Obligation	24,292	25,603
(-) Fair value of plan assets	4,898	5,127
Deficit/(surplus)	19,394	20,476
(-) Unrecognised past service cost	-	-
(-) Unrecognised net (gain)/loss	-	-
(+) Adjustment for limitation on net asset	-	-
<b>Net superannuation liability/(asset)</b>	<b>19,394</b>	<b>20,476</b>
Current net liability	793	890
Non-current net liability	18,601	19,586

### **Expense Recognised in Income Statement – Para 120A(g)**

Financial year ending	30 June 2011 \$'000	30 June 2010 \$'000
Service cost	576	560
Interest cost	1,338	1,340
Expected return on assets	(354)	(352)
Actuarial loss/(gain)	-	-
Past service cost	-	-
Movement in limitation on net asset	-	-
Effect of curtailments/settlements	-	-
<b>Superannuation expense/(income)</b>	<b>1,560</b>	<b>1,548</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

### **Amounts Recognised in Other Comprehensive Income – Para 120A(h)**

Financial year ending	30 June 2011 \$'000	30 June 2010 \$'000
Actuarial (gains)/losses	(1,115)	1,036
Adjustment for limit on net asset	-	-

### **Cumulative Amount Recognised in the Other Comprehensive Income – Para 120A(i)**

Financial year ending	30 June 2011 \$'000	30 June 2010 \$'000
Cumulative amount of actuarial (gains)/losses at end of prior year	1,851	815
Actuarial (gains)/losses recognised during the year end	(1,115)	1,036
Cumulative amount of actuarial (gains)/losses at end of year	736	1,851

### **Fund Assets – Para 120A(j)**

The percentage invested in each asset class at the Statement of Financial Position date:

As at	31 March 2011	31 March 2010
Australian equity	25%	26%
International equity	22%	22%
Fixed income	13%	12%
Property	19%	20%
Alternatives/other	18%	14%
Cash	3%	6%

### **Fair Value of Fund Assets – Para 120A(k)**

Assets are not held separately for each authority but are held for the Fund as a whole. The fair value of Fund assets was estimated by allocating the total Fund assets to each authority in proportion to the value of each authority's funded liabilities, calculated using the assumptions outlined in this report.

The fair value of Fund assets includes no amounts relating to:

- any of the authority's own financial instruments
- any property occupied by, or other assets used by, the authority.

### **Expected Rate of Return on Fund Assets – Para 120A(l)**

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. SUPERANNUATION AND DEFINED BENEFIT PLAN (continued)

### Actual Return on Fund Assets – Para 120A(m)

Financial year ending	30 June 2011 \$'000	30 June 2010 \$'000
Actual return on plan assets <sup>^</sup>	145	225

<sup>^</sup>as separate assets are not held for each authority, the actual return includes any difference in the allocation to each authority.

### Principal Actuarial Assumptions at the Statement of Financial Position Date – Para 120A(n)

As at	30 June 2011	30 June 2010
Discount rate	5.50% p.a.	5.35% p.a.
Expected rate of return on plan assets	7.50% p.a.	7.00% p.a.
Expected salary increase rate	4.50% p.a.	4.50% p.a.
Expected rate of increase compulsory preserved amounts	4.50% p.a.	4.50% p.a.
Expected pension increase rate	2.50% p.a.	2.50% p.a.

The discount rate is based on the market yields on the longest-dated government bonds as at 30 June 2011 extrapolated to allow for the fact that the term of the liabilities exceeds the term of the longest government bond. The decrement rates used for mortality and retirement have been updated since the last valuation and are described in the Actuarial Assumptions section above.

### Operating Costs

Operating costs for the Fund as a whole have been assumed to be incurred at the rate of 1.5% of salaries plus 1.0% of pensions in payment. This cost has then been allocated to each authority in proportion to assets.

### Temporary Invalidity Expense

The cost of temporary invalidity benefits has been assumed to be 0.2% of salaries of current contributory members. This cost has then been allocated to each authority in proportion to assets.

### Historical Information – Para 120A(p)

Financial year ending	30 Jun 2011 \$'000	30 Jun 2010 \$'000	30 Jun 2009 \$'000	30 Jun 2008 \$'000	30 Jun 2007 \$'000
Present value of defined benefit obligation	24,292	25,603	24,230	24,053	24,571
Fair value of plan assets	4,898	5,127	5,116	5,855	6,340
(Surplus)/deficit in plan	19,394	20,476	19,114	18,198	18,231
Experience adjustments (gain)/loss – plan assets	208	127	723	714	(536)
Experience adjustments (gain)/loss – plan liabilities	(877)	(395)	1,951	(442)	(162)

The experience adjustment for Fund liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the Fund's experience (e.g. membership movements, salary increases and indexation rates) and excludes the effect of the changes in assumptions (e.g. movements in the bond rate).

### Expected Contributions – Para 120A(q)

Financial year ending	30 June 2012 \$'000
Expected employer contributions	793





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